



The importance of an owner's title insurance policy

Do I need an Owner's Title Insurance Policy?

Most definitely! Title Insurance is a means of protecting yourself from financial loss in the event that problems develop regarding the rights to ownership of your property. There may be hidden title defects that even the most careful title search will not reveal. In addition to protection from financial loss, Title Insurance pays the cost of defending against any covered claim.

How will Owner's Title Insurance protect me?

Some common examples of problems covered by an Owner's Title Insurance Policy include:

- Improper execution of documents
- Mistakes in recording or indexing of legal documents
- Forgeries and fraud
- Undisclosed or missing heirs
- Unpaid taxes and assessments
- Unpaid judgments and liens
- Unreleased mortgages
- Mental incompetence of grantors on the deed
- Impersonation of the true owners of the land by fraudulent persons
- Refusal of potential purchaser to accept title based upon condition of title

What can make the Title to my home defective?

When you purchase your home, you take "title" to your property. Any number of problems that remain undisclosed after even the most meticulous search of public records can make a title defective. These hidden "defects" are dangerous indeed because you may not learn of them for many months or years. Yet they could force you to spend substantial sums on a legal defense and still result in the loss of your property.

Won't the Lender's Title Insurance Policy protect me?

No, there are two types of Title Insurance. Your lender likely will require that you purchase a Lender's Title Insurance Policy. This policy only insures that the lender has a valid, enforceable lien on the property. Most lenders require this type of insurance, and typically require the borrower to pay for it.

An Owner's Title Insurance Policy, on the other hand, is designed to protect you from title defects that existed prior to the issue date of your policy. Title troubles, such as improper estate proceedings or pending legal action, could put your equity at serious risk. If a valid claim is filed, in addition to financial loss up to the face amount of the policy, your Owner's Title Insurance Policy covers the full cost of any legal defense of your title.

How much does Title Insurance cost?

The one-time premium is directly related to the value of your home. Typically, it is less expensive than your annual auto insurance. It is a one-time only expense, paid when you purchase your home. Yet it continues to provide complete coverage for as long as you or your heirs own the property.

